

**Schedule Of Revenue, Expenditures and Change in Fund Balances
Actual and Forecasted Operating Fund**

		ACTUAL			FORECASTED			
		Actual 2023	Actual 2024	Actual 2025	Current Year Budget FY2026	Forecast YR1 FY2027	Forecast YR2 FY2028	Forecast YR3 FY2029
Revenue:								
1.010	General Property Tax (Real Estate)	2,576,339	2,411,063	2,493,888	2,521,832	2,521,958	2,522,084	2,522,210
1.020	Tangible Personal Property Tax	433,287	443,074	434,160	412,581	412,581	412,581	412,581
1.030	Income Tax	-	-	-	-	-	-	-
1.035	Unrestricted Grants-in-Aid	4,446,917	4,976,697	4,844,134	5,080,240	5,387,767	5,387,767	5,387,767
1.040	Restricted Grants-in-Aid	419,721	562,119	876,726	748,594	780,852	780,852	780,852
1.045	Restricted Federal Grants-in-Aid	-	-	-	-	-	-	-
1.050	State Reimbursement for Property Tax Credits	318,226	285,531	291,303	286,278	287,709	289,148	290,594
1.060	All Other Revenues	454,871	509,494	700,152	616,254	571,917	527,136	532,407
1.070	Total Revenues	8,649,361	9,187,979	9,640,363	9,665,778	9,962,784	9,919,568	9,926,411
Other Financing Sources:								
2.010	Proceeds from Sale of Notes	-	-	-	-	-	-	-
2.020	State Emergency Loans and Advancements	-	-	-	-	-	-	-
2.040	Operating Transfers-In	-	-	-	-	-	-	-
2.050	Advances-In	11,795	5,028	0	139	50,000	50,000	50,000
2.060	All Other Financing Sources	712	18,929	11,017	29,244	1,000	1,000	1,000
2.070	Total Other Financing Sources	12,507	23,957	11,017	29,383	51,000	51,000	51,000
2.080	Total Revenues and Other Financing Sources	8,661,868	9,211,936	9,651,380	9,695,161	10,013,784	9,970,568	9,977,411
Expenditures:								
3.010	Personnel Services	3,778,082	3,771,108	4,172,126	4,370,770	4,521,634	4,631,462	4,744,026
3.020	Employees' Retirement/Insurance Benefits	1,442,414	1,599,189	1,762,959	2,294,726	2,288,583	2,538,196	2,822,986
3.030	Purchased Services	1,456,575	1,721,475	2,115,582	2,844,478	2,536,289	2,789,918	3,068,910
3.040	Supplies and Materials	219,650	172,086	349,421	379,305	363,000	399,300	439,230
3.050	Capital Outlay	28,685	54,436	87,484	264,356	105,000	110,250	115,763
3.060	Intergovernmental	-	-	-	-	-	-	-
Debt Service:								
4.010	Principal-All (History Only)	-	-	-	-	-	-	-
4.020	Principal-Notes	-	-	-	-	-	-	-
4.030	Principal-State Loans	-	-	-	-	-	-	-
4.040	Principal-State Advancements	-	-	-	-	-	-	-
4.050	Principal-HB 264 Loans	-	-	-	-	-	-	-
4.055	Principal-Other	-	-	-	-	-	-	-
4.060	Interest and Fiscal Charges	-	-	-	-	-	-	-
4.300	Other Objects	144,016	140,748	124,200	127,926	131,763	135,716	139,788
4.500	Total Expenditures	7,069,423	7,459,043	8,611,771	10,281,561	9,946,270	10,604,842	11,330,702
Other Financing Uses								
5.010	Operating Transfers-Out	362,901	365,015	1,125,967	1,410,000	172,000	185,200	199,720
5.020	Advances-Out	5,028	0	139	50,000	50,000	50,000	50,000
5.030	All Other Financing Uses	-	-	-	-	-	-	-
5.040	Total Other Financing Uses	367,929	365,015	1,126,106	1,460,000	222,000	235,200	249,720
5.050	Total Expenditures and Other Financing Uses	7,437,351	7,824,058	9,737,877	11,741,561	10,168,270	10,840,042	11,580,422
Excess of Rev & Other Financing Sources over (under) Expenditures and Other Financing Uses		1,224,517	1,387,878	-86,498	-2,046,399	-154,485	-869,474	-1,603,011
Cash Balance July 1 - Excl Proposed Renewal/ Replacement and New Levies		3,797,747	5,022,264	6,410,142	6,323,645	4,277,246	4,122,760	3,253,286
7.020	Cash Balance June 30	5,022,264	6,410,142	6,323,645	4,277,246	4,122,760	3,253,286	1,650,275
8.010	Estimated Encumbrances June 30	172,575	189,805	318,403	225,000	225,000	225,000	225,000
Reservation of Fund Balance								
9.010	Textbooks and Instructional Materials	-	-	-	-	-	-	-
9.020	Capital Improvements	-	-	-	-	-	-	-
9.030	Budget Reserve	-	-	-	-	-	-	-
9.040	DPIA	-	-	-	-	-	-	-
9.045	Fiscal Stabilization	-	-	-	-	-	-	-
9.050	Debt Service	-	-	-	-	-	-	-
9.060	Property Tax Advances	-	-	-	-	-	-	-
9.070	Bus Purchases	-	-	-	-	-	-	-
9.080	Subtotal	-	-	-	-	-	-	-
Fund Balance June 30 for Certification of Appropriations		4,849,690	6,220,337	6,005,242	4,052,246	3,897,760	3,028,286	1,425,275
Rev from Replacement/Renewal Levies								
11.010	Income Tax - Renewal			0	0	0	0	0
11.020	Property Tax - Renewal or Replacement			0	0	0	0	0
11.300	Cumulative Balance of Replacement/Renewal Levies			0	0	0	0	0
Fund Balance June 30 for Certification of Contracts, Salary and Other Obligations		4,849,690	6,220,337	6,005,242	4,052,246	3,897,760	3,028,286	1,425,275
Revenue from New Levies								
13.010	Income Tax - New			0	0	0	0	0
13.020	Property Tax - New			0	0	0	0	0
13.030	Cumulative Balance of New Levies			0	0	0	0	0
14.010	Revenue from Future State Advancements							
15.010	Unreserved Fund Balance June 30	4,849,690	6,220,337	6,005,242	4,052,246	3,897,760	3,028,286	1,425,275



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Financial Forecast Assumptions Summary: FY2026–FY2029

Submitted: February 2026

District Overview

Fairport Harbor Schools has a proud legacy of educational excellence dating back to 1876. Today, it remains a close-knit, student-centered district that offers a personalized, high-quality educational experience. With small class sizes and dedicated educators, the district continues to adapt to meet the academic, social, and emotional needs of its diverse student body. As Fairport prepares for the future—including the opening of a new PK-12 facility—it remains committed to fiscal responsibility, academic rigor, and strategic planning.

Forecast Overview

This financial forecast is submitted in accordance with Ohio House Bill 96 (HB96), which revised the former five-year forecast model into a four-year financial projection: the current budget year plus three forecasted years. This document includes:

- Three years of actual financial data (FY23–FY25)
- The current fiscal year budget (FY26)
- Forecasts for FY27 through FY29

The assumptions herein reflect management’s best estimates under current economic and legislative conditions and are designed to provide a comprehensive understanding of the district’s financial position.

Legislative and Policy Updates

Ohio Property Tax Reform (2025–2026): Legislative Overview

In December 2025, Ohio enacted a comprehensive property tax reform package to address rising, unvoted property tax increases. This package includes House Bills (HB) 186, 335, 309, and 129, which collectively aim to curb tax hikes, expand credits, and provide significant relief to homeowners, effective starting in 2026.

Key Legislative and Policy Updates (2025–2026)

- **Inflation Caps and Levies (HB 186/335)**
Signed on December 19, 2025, these bills impose a cap on property tax increases, limiting them to the rate of inflation. The 20-mill floor for school district levies is also targeted, ensuring that tax hikes do not exceed the inflation rate.
 - **Levy Restrictions (HB 28/309)**
This reform prohibits the replacement of existing levies and grants county budget commissions the authority to roll back levies deemed excessive, providing greater control over local tax burdens.
 - **School District Funding (HB 129)**
Emergency and substitute levies will now count toward the 20-mill minimum guarantee for school districts, ensuring more predictable funding for education without the need for additional levies.
 - **Tax Credit Adjustments (HB 186/335)**
The 10% non-business property tax credit will be phased out, while the owner-occupancy credit will be expanded for homeowners. This adjustment will offer relief that is more significant to homeowners starting in 2026.
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Upcoming Changes and Initiatives

- **Impact in 2026**
Taxpayers can expect to see adjustments in the second half of 2026, as the new restrictions and changes begin to take effect.
- **Potential Constitutional Amendment**
A petition to abolish real property taxes entirely is currently being circulated. Supporters are gathering signatures for a potential 2026 ballot initiative, which could result in a significant shift in Ohio's property tax structure. In a recent interview, Governor Mike DeWine stated that he is strongly opposed to this proposed constitutional amendment, warning it would create a "severe crisis" for local services. DeWine stated this would devastate school, police, and fire funding, potentially requiring a sales tax increase to nearly 20%.
- **Carryover Provision (40% Rule):** Although vetoed, the provision could resurface through legislative override. The district currently exceeds this threshold in one out of

four forecast years but can justify it due to planned capital improvements and healthcare cost volatility.

Revenue Assumptions

- **Property Valuation:** Following a 30.86% increase in property valuations due to the 2024 Lake County sexennial update, the resulting revenue increase was only 2.59%. The district's current assessed value stands at \$92.741 million. Estimates are based on 94% of the certified value.
 - In Ohio, the state's operating budget (House Bill 96) for fiscal years 2026 and 2027 introduced a local permissive 'piggyback' homestead exemption. On October 30th, the Lake County Commissioners voted to approve a property tax reduction, which doubles the Homestead Exemption credit and the Owner Occupancy credit for qualifying residents without reimbursement from the state. School districts in Lake County are projected to lose nearly \$6 million in 2026. Specifically, Fairport is expected to lose \$98,000, which is more than the district gained in revenue from the 2024 property valuation increase.
 - **Millage:** Of the 83.26 total voted mills, the district collects on 30.591476 effective mills due to HB920 tax reduction factors.
 - **Inside Millage:** The district receives 5.24 inside mills, equating to approximately \$457,715 annually.
 - **State Foundation Funding:** FY26–27 projections are based on current funding formulas and ODEW FY27 projections. FY28–29 are held flat due to expected legislative uncertainty.
 - **Fair School Funding Plan:** Currently in Year 5 of a 6-year phase-in, this plan provides a more equitable distribution of state aid and includes direct funding for Community and STEM schools, reducing revenue volatility.
 - **Student Wellness Revenue:** Now included in general fund line 1.040 as restricted funds.
 - **Other Revenues:** Includes rental income, interest earnings and miscellaneous sources.
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Expenditure Assumptions

- **Salaries & Benefits:** Reflect current negotiated agreement through FY27. Projections show a 4.76% increase in salaries and a 30.16% increase in benefits for FY26. Future years assume 2.5% salary growth and 15% benefit increases due to rising healthcare premiums.
- **Healthcare Costs:** LCSC Consortium projects mid-year premium increases: 22% (July–Dec 2025) and 19.67% (Jan–June 2026), with ongoing 15% annual increases.
- **Purchased Services:** Reflect increased costs due to inflation, transition activities related to building moves, and operational changes associated with the new school facility. Estimated increases: 34.45% in FY26. To return expenses to a sustainable level, a

10.83% decrease is projected for FY27, followed by a 10% annual increase in subsequent years.

- **Supplies & Materials:** FY26 increases by 8.55%. To return expenses to a sustainable level, a 4.29% decrease is projected for FY27, followed by a 10% annual increase in subsequent years.
 - **Capital Outlay:** FY26 includes one-time purchases (2 student vans) and technology upgrades, resulting in a 202% increase over FY25. FY27–29 reflect stabilized, inflation-adjusted capital needs.
 - **Other Expenses:** Include liability insurance, audit fees, dues, and miscellaneous costs.
 - **Transfers:** Estimates for Capital Improvement (FY2026 only), Student Activity and/or Athletic deficit balances at year-end.
 - **Advances:** Used to manage year-end deficits and ensure balanced fund accounting. Net impact is zero due to repayment in the following fiscal year.
 - **Enrollment Impact:** Ongoing enrollment decline remains a critical concern under the state’s funding model. The district’s small size makes mid-year staffing changes difficult without disrupting educational quality.
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Fiscal Sustainability and Risk Factors

The district is currently projected to maintain at least 90 days of unencumbered expenditures for three of the four forecast years, in line with Board policy. However, key risk factors include:

- **Uncertain Legislative Changes**
- **Rising Healthcare Costs**
- **Enrollment Decline**
- **Operational Needs of the New PK-12 School**

Despite these challenges, the district maintains a stable financial outlook due to conservative budgeting, proactive planning, and a strong commitment to educational quality.